

# PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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#### INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen Town of Alton Alton, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Alton as of and for the fiscal year ended December 31, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Alton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The government-wide statement of net assets does not include any of the Town's capital assets except for equipment and vehicles, nor the accumulated depreciation on those omitted assets, and the government-wide statement of activities does not include depreciation expense related to those assets. These amounts have not been determined. Therefore, in our opinion, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Alton at December 31, 2006, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

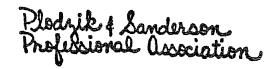
Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Alton as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, as of January 1, 2006, the Town has implemented a new financial reporting model, as required by the provisions of the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

The budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Alton has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Alton's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



#### EXHIBIT A

## TOWN OF ALTON, NEW HAMPSHIRE

## Statement of Net Assets December 31, 2006

ASSETS	Governmental Activities
	m 5 202 454
Cash and cash equivalents	\$ 5,202,454
Investments	4,542,461
Receivables, net of allowances for uncollectible	1,206,769
Equipment and vehicles, net of accumulated depreciation	1,767,376
Total assets	12,719,060
LIABILITIES	
Accounts payable	12,183
Intergovernmental payable	3,678,030
Accrued interest payable	15,739
Unearned revenue	7,228
Noncurrent obligations:	
Due within one year:	
Note	20,873
Capital leases	63,568
Compensated absences	22,880
Accrued landfill postclosure care costs	20,000
Due in more than one year:	
Note	460,716
Capital leases	124,723
Compensated absences	205,918
Accrued landfill postclosure care costs	280,000
Total liabilities	4,911,858
NET ASSETS	
Invested in capital assets, net of related debt	1,097,496
Restricted for perpetual care	1,975,703
Unrestricted	4,734,003
Total net assets	\$ 7,807,202
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#### EXHIBIT B TOWN OF ALTON, NEW HAMPSHIRE

Statement of Activities For the Fiscal Year Ended December 31, 2006

			Operating Revenues				N	et (Expense)	
			Charges for Services		Operating Grants and Contributions		F	Revenue and	
							Changes in Net Assets		
		Expenses							
Governmental activities:									
Functions:									
General government	\$	2,064,771	\$	270,622	\$	-	\$	(1,794,149)	
Public safety		1,336,031		186,979		37,818		(1,111,234)	
Highways and streets		1,003,671		-	267,426			(736,245)	
Sanitation		493,350		83,844	-		(409,506)		
Water distribution and treatment		242,140		313,288		<b>-</b> .		71,148	
Health		78,191		-		-		(78,191)	
Welfare		59,057		-		-		(59,057)	
Culture and recreation		263,993		23,810		-		(240,183)	
Conservation		2,707		-		-		(2,707)	
Interest on long-term debt		20,941		-		-		(20,941)	
Capital outlay		1,009,220		-		-		(1,009,220)	
Total governmental activities	\$	6,574,072	\$	878,543	\$	305,244		(5,390,285)	
General revenues:									
Taxes:									
Property								3,816,902	
Other								286,727	
Motor vehicle permit fees								1,038,081	
Licenses and other fees								95,607	
Grants and contributions not restri	cted t	to specific program	s					224,871	
Unrestricted investment earnings								68,550	
Miscellaneous								209,853	
Total general revenues								5,740,591	
Change in net assets								350,306	
Net assets, beginning								7,456,896	
Net assets, ending							\$	7,807,202	